

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----074038 050956Z /10
R 050941Z JUN 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 7658

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 03517

EXDIS

E.O. 11652: GDS
TAGS: PEPR, TW
SUBJECT: TERMINATION OF SAFED AGREEMENT

REFS: (A) STATE 123965, (B) TAIPEI 02991,
-- (C) STATE 101230

1. ECONCOUN WAS INFORMED JUNE 1 BY JCRR CHAIRMAN ROBERT LEE THAT VICE MINISTER OF FOREIGN AFFAIRS FRED CHIEN HAS SCHEDULED MEETING OF GROC SAFED COMMITTEE FOR JUNE 7. COMMITTEE IS COMPOSED OF MINISTERS OF FOREIGN AFFAIRS (MOFA), ECONOMIC AFFAIRS (MOEA), AND FINANCE (MOF), CHAIRMAN OF JCRR, AND CHAIRMAN OF COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT (CEPD). PURPOSE OF MEETING IS TO DISCUSS RESPONSE TO EMBASSY'S NOTE OF MAY 2 REQUESTING REVIEW OF ARRANGEMENTS CONTAINED IN SAFED AGREEMENT.
2. PER INSTRUCTIONS CONTAINED REFTEL (B), DCM MADE IT CLEAR TO CHIEN ON MAY 17 THAT SINCE PURPOSE OF MEETING REQUESTED IN EMBASSY'S NOTE WAS MERELY TO INFORM GROC THAT USG WISHES TO TERMINATE SAFED AGREEMENT THERE IS NO NEED FOR FULL-SCALE REVIEW OF ARRANGEMENTS CONTAINED IN THAT AGREEMENT. AMBASSADOR REITERATED POINT IN CALL ON PREMIER Y. S. SUN JUNE 5. GROC MAY NEVERTHELESS, ACCORDING TO ROBERT LEE, REQUEST USG TO KEEP AGREEMENT IN FORCE
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UNTIL IT EXPIRES IN 1980 OR, IF THAT IS NOT ACCEPTABLE, TO DEFER TERMINATION UNTIL MID-1979.

3. LEE'S REASONING IS THAT ABRUPT TERMINATION OF AGREEMENT WILL SERIOUSLY HANDICAP OPERATIONS OF JCRR AND CEPD. BOTH ORGANIZATIONS ARE FUNDED BY MONIES GENERATED BY SAFED ACCOUNT AND NOT FROM GENERAL GROC BUDGET. THEY HISTORICA-

LLY HAVE BEEN ABLE TO ATTRACT QUALITY PERSONNEL, SINCE THE TWO ORGANIZATIONS DO NOT COME UNDER GROG CIVIL SERVICE PAY AND CLASSIFICATION SYSTEMS AND CAN THEREFORE PAY MORE, PROMOTE QUICKER AND OFFER FRINGE BENEFITS

DENIED TO REGULAR GROG EMPLOYEES. LEE MAINTAINS THAT ONCE SAFED AGREEMENT IS TERMINATED THE FUNDS IN THE ACCOUNT WILL BE TRANSFERRED TO GENERAL TREASURY. JCRR AND CEPD WILL LOSE THE AUTONOMY THEY HAVE ENJOYED AND THEIR EMPLOYEES WILL HENCEFORTH BE TREATED LIKE OTHER GROG EMPLOYEES. LEE RECOGNIZES THAT THIS WOULD HAPPEN ANYWAY WHEN AGREEMENT EXPIRED IN 1980, AND JCRR AND CEPD HAVE BEGUN PLANNING FOR THAT DAY. BUT NEITHER ORGANIZATION IS YET PREPARED TO RESTRUCTURE ITS PERSONNEL SYSTEM TO BRING IT IN LINE WITH THE SYSTEM FOLLOWED BY OTHER GROG AGENCIES. FOR THIS REASON, LEE AND K. H. YU, CHAIRMAN OF CEPD, WILL URGE MOFA TO REQUEST OF USG THAT AGREEMENT BE ALLOWED TO CONTINUE IN FORCE UNTIL 1980.

4. IN LIGHT OF LEE'S COMMENTS WE WILL HAVE TO BE PREPARED TO RESPOND TO REQUEST FROM MOFA THAT AGREEMENT NOT BE TERMINATED. IN FORMULATING OUR RESPONSE WE SHOULD KEEP IN MIND THAT GROG PROBABLY WISHES TO HANG ON TO AGREEMENT AS LONG AS POSSIBLE, AND MAY THEREFORE TAKE ADVANTAGE OF PROBLEM RAISED BY JCRR AND CEPD TO AGREE FOR DELAY IN TERMINATION OF AGREEMENT. IF THAT AGREEMENT IS CONFIDENTIAL

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UNSUCCESSFUL, GROG MAY BE TEMPTED TO EXPLOIT FACT THAT AGREEMENT WAS ENDED BY UNILATERAL USG ACTION CONTRARY TO WISHES AND INTERESTS OF ROC.

5. ROBERT LEE'S CONCERNS ARE GENUINE. JCRR AND CEPD ARE IN DANGER OF LOSING PRIVILEGES THEY HAVE ENJOYED AS BENEFICIARIES OF SAFED MONIES. WHAT HAPPENS TO JCRR AND CEPD IS OF COURSE GROG INTERNAL MATTER, AND IF GROG WISHES TO CONTINUE THE ORGANIZATIONS AS THEY ARDINOW CONSTITUTED IT CAN DO SO, SAFED AGREEMENT OR NOT.

6. IN EMBASSY'S VIEW, POINTS TO BE RESOLVED IN RESPONDING TO POSSIBLE MOFA REQUEST THAT AGREEMENT NOT BE TERMINATED ABRUPTLY ARE WHEN TERMINATION WILL BE EFFECTIVE AND DATE TERMINATION WILL BE ANNOUNCED. OBVIOUSLY, WE CANNOT AGREE TO LET AGREEMENT RUN ITS COURSE UNTIL MID-1980 OR, FOR THAT MATTER, UNTIL MID-1979 IF WE WISH TO ADHERE TO SCHEDULE CONTAINED PARA 8 OF REFTEL (C). HOWEVER, THERE IS ADVANTAGE AND NO COST OF WHICH WE ARE AWARE IN OUR APPEARING TO BE RESPONSIVE TO GROG CONCERN OVER STATUS OF JCRR AND CEPD. WHETHER THAT CONCERN IS LEGITIMATE OR NOT IS NOT IMPORTANT SINCE WE ARE IN NO POSITION TO

DENY ITS LEGITIMACY WITHOUT APPEARING TO BE TELLING GROC HOW TO CONDUCT ITS INTERNAL AFFAIRS.

7. RECOMMEND, THEREFORE, THAT IF MOFA, AT THE MEETING REQUESTED IN OUR MAY 2 NOTE, SEEKS EXTENSION OF SAFED AGREEMENT, WE BE AUTHORIZED TO SAY THAT WE APPRECIATE REASONS FOR GROC REQUEST AND ARE PREPARED TO ALLOW AGREEMENT TO CONTINUE IN FORCE UNTIL DECEMBER 31, 1978. AT

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C O N F I D E N T I A L SECTION 02 OF 02 TAIPEI 03517

EXDIS

SAME TIME WE WOULD SAY THAT WE RESERVE THE RIGHT TO ACKNOWLEDGE PUBLICLY THAT THE AGREEMENT WOULD TERMINATE ON DECEMBER 31. THIS APPROACH WOULD MEET ANY LEGITIMATE ROC CONCERN BUT ENABLE US AT ANY SUBSEQUENT TIME TO MAKE TERMINATION PUBLIC IF AND WHEN WASHINGTON SO DESIRES ON BASIS DEPARTMENT INITIATIVE OR IN RESPONSE QUESTIONS.

8. REQUEST DEPARTMENT SEND INSTRUCTIONS WITHOUT WAITING FOR MOFA TO NOTIFY US OF DATE FOR MEETING SINCE WE MAY NOT GET MUCH ADVANCE NOTICE. WE HAVE TOLD MOFA WE WOULD LIKE MEETING BEFORE JUNE 15 AND GROC SAFED COMMITTEE, WHEN IT MEETS JUNE 7, IS LIKELY TO DECIDE TO PROPOSE MEETING WITH US SOON AFTER THAT DATE. IF MOFA DOES NOT REQUEST EXTENSION OF THE AGREEMENT AND ACCEPTS IMMEDIATE TERMINATION, RECOMMEND EMBASSY MAKE NO PUBLIC ANNOUNCEMENT BUT THAT WE INFORM THE GROC WHAT IF ANY PUBLIC NOTICE USG MUST MAKE OF TERMINATION (E.G., INFORMING CONGRESS, AMENDMENT TO TREATIES IN FORCE, NOTICE IN FEDERAL REGISTER). WE RECOMMEND WE INFORM MOFA IN ANY CASE THAT IF THERE ARE PRESS INQUIRIES ABOUT THE AGREEMENT, ONCE IT HAS BEEN TERMINATED, WE WOULD ACKNOWLEDGE THAT THIS HAS TAKEN PLACE. UNGER

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